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Q3 2018 SOUTH COAST COMMERCIAL REAL ESTATE MARKET REPORT

RADIUS®
Commercial Real Estate

70 Castilian Dr., 1st & 2nd Floors, Goleta (Office)
Leased July, 2018 (AppFolio) | 86,250 SF

SOUTH COAST

Leasing

Mike Chenoweth
Rob Hambleton
Jim Turner
Gene Deering

Office

We've seen very little change in Santa Barbara's office leasing market since early 2017, with the vacancy rate fluctuating between 5.8% (Q2 2017) and 6.6% (Q2 2018). The 3rd Quarter ended with vacancy at 6.1%. Average gross asking and achieved rates also remained relatively steady over the past six quarters, with asking rates between $3.03/SF and $3.17/SF (currently $3.10/SF), and achieved rates coming in lower, ranging between $2.68/SF and $2.88/SF (currently $2.77/SF).

Santa Barbara's office sector continues to remain saturated with smaller spaces. Of the 94 available spaces at the end of Q3 (approx. 313,200 sq. ft.), the vast majority are smaller than 3,000 sq. ft., at 68 total, with 21 spaces between 3,000–10,000 sq. ft., and just five (5) larger than 10,000 sq. ft. In fact, the two largest current availabilities are sublease space at 30 S. Calle Cesar Chavez (25,570 SF) and the Sonos space at 530 Chapala St. (18,792 SF).

The largest and perhaps most interesting deal of the year, involved 1001 State St., the approx. 46,800 sq. ft., building at the corner of State and Carrillo Streets. Currently occupied by Saks OFF 5TH, the long-time retail property was leased in August to an undisclosed tenant with plans to convert at least the majority of space to office use with potentially some space used for retail. The office vacancy rate in Santa Barbara will of course be adjusted when that space conversion comes to pass, but we can expect vacancy to remain unchanged for at least the next quarter.

Moving north to Goleta, unlike in Santa Barbara, the office market remains driven by larger vacancies. Of the 32 available spaces totaling approx. 352,500 sq. ft. at the end of Q3 2018, the nine largest properties accounted for roughly 272,800 sq. ft. or 77% of all available space. In fact the largest of those by far is the approx. 112,500 sq. ft. property at 71 S.

1001 Mark Ave., Carpinteria (Office)
Leased April, 2018 | 10,400 SF

2018 SO. COAST LEASING QUICK STATS

Vacancy

		Q2	Q3
OFFICE	Santa Barbara	6.6%	6.1%
	Goleta	9.9%	8.3%
	Carpinteria	7.3%	5.3%
INDUSTRIAL	Santa Barbara	0.5%	0.6%
	Goleta	5.1%	5.2%
	Carpinteria	3.6%	3.8%
RETAIL	Santa Barbara	3.7%	3.6%

Quarterly Absorption (SF)

		Q3 Available Space	Absorption
OFFICE	Santa Barbara	313,200	24,200
	Goleta	352,500	70,100
	Carpinteria	24,600	12,300
INDUSTRIAL	Santa Barbara	28,200	*-4,200*
	Goleta	220,600	*-6,100*
	Carpinteria	49,900	*-3,200*
RETAIL	Santa Barbara	380,400	9,900

Avg. Gross Asking Rates ($/SF)

		Q2	Q3
OFFICE	Santa Barbara	$3.17	$3.10
	Goleta	$1.91	$1.92
	Carpinteria	$1.83	$1.74
INDUSTRIAL	Santa Barbara	$2.67	$2.45
	Goleta	$1.64	$1.69
	Carpinteria	$1.82	$1.62
RETAIL	Santa Barbara	$4.40	$4.37

Avg. Gross Achieved Rates ($/SF)

		Q2	Q3
OFFICE	Santa Barbara	$2.88	$2.77
	Goleta	$1.88	$1.96
	Carpinteria	$2.11	$1.92
INDUSTRIAL	Santa Barbara	$2.02	$1.85
	Goleta	$1.80	$1.84
	Carpinteria	No Leases	$1.50
RETAIL	Santa Barbara	$3.75	$3.99

1001 State St., Santa Barbara (Office/Retail)
Leased August, 2018 | 46,800 SF

Los Carneros, which on its own represents nearly a third of all available space in the market. The remaining 23 available spaces accounted for approx. 79,700 sq. ft., with 13 of those smaller than 3,000 sq. ft.

Because Goleta's office market is driven by these larger spaces, vacancy can swing should one large space lease or come to market. That said, over the past six quarters we've seen office vacancy fluctuate only slightly from 7.6% to 9.9%, ending at 8.3% in the 3rd Quarter of 2018. Average gross asking and achieved rates have also remained consistent and for the most part in line with each other, with asking rates over the past six quarters ranging from $1.85/SF to $1.92/SF (currently $1.92/SF), and achieved rates ranging from $1.64/SF to $2.01/SF (currently at $1.96/SF). We expect little change in vacancy or lease rates through the rest of the year.

By far the largest office lease of Q3 was the approx. 86,250 sq. ft. space at 70 Castilian Dr., leased by Appfolio. There were only eight other new leases signed during the quarter, totaling just 31,500 sq. ft.

Finally down south to Carpinteria, office vacancy has fluctuated more noticeably than in the larger Santa Barbara and Goleta markets, in large part due to limited inventory in this market. Similar to Goleta, a large space leased or coming to market can dramatically impact vacancy. But over the past six quarters we have generally seen the vacancy rate steadily on the decline as tenants increasingly look to this market for quality space at slightly lower rents. We saw a peak of 10% vacancy in Q3 2017, to the period's lowest vacancy rate of 5.3% in Q3 2018.

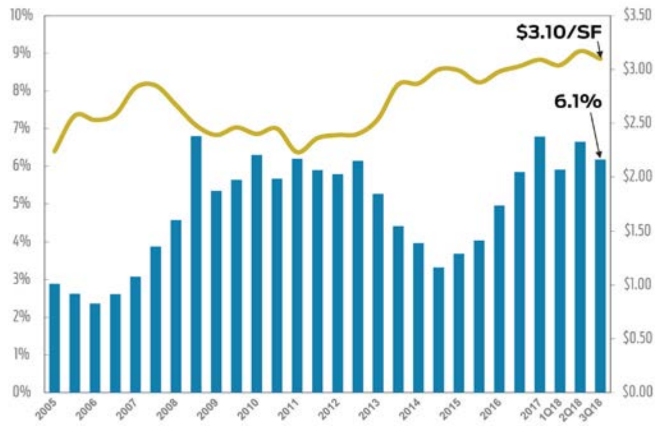
There are currently six spaces totaling 24,600 sq. ft. available in the market, with the largest being the 11,000 sq. ft. space at 6398 Cindy Ln. There were only two new leases signed during the 3rd Quarter, totaling 10,100 sq. ft.

Average gross achieved rates have dropped slightly this year, going from $2.02/SF in Q1 to $1.92/SF in Q3. We can expect lease rates to increase and vacancy to decline even further as constrained inventory continues to drive this market.

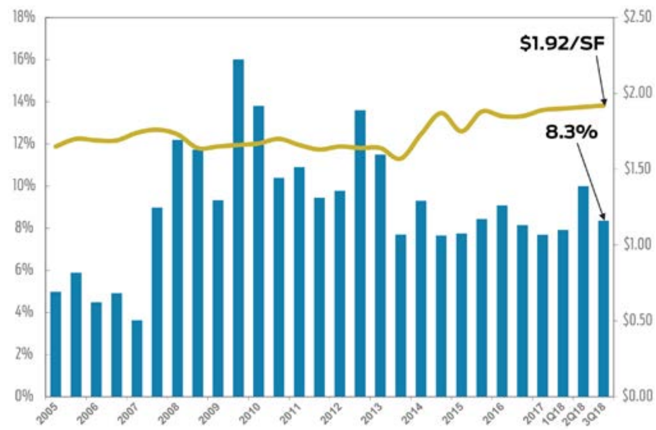
SO. COAST LEASING TRENDS

Average Gross Asking Prices & Vacancy Rates

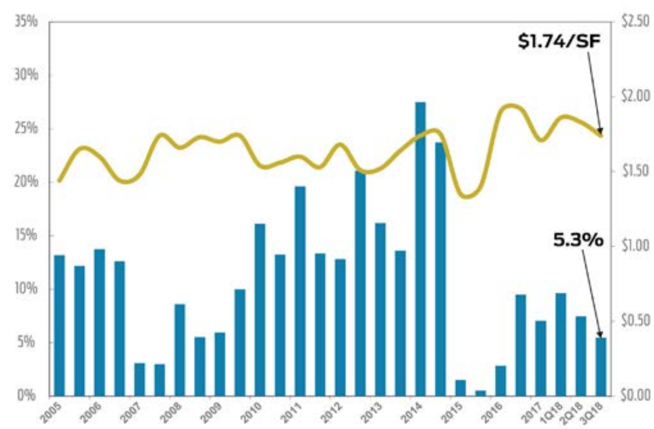
Santa Barbara Office



Goleta Office



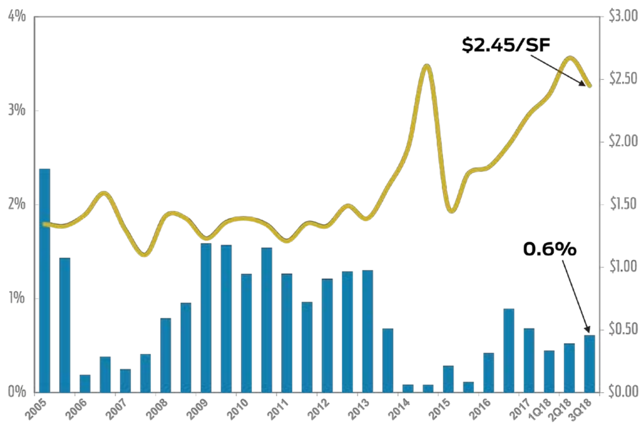
Carpinteria Office



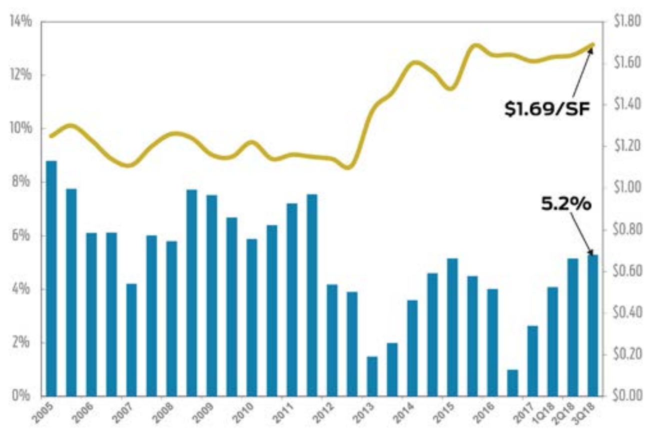
SO. COAST LEASING TRENDS

Average Gross Asking Prices & Vacancy Rates

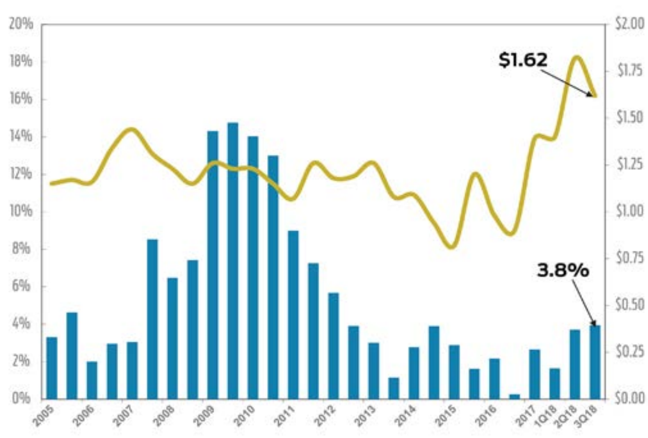
Santa Barbara Industrial



Goleta Industrial



Carpinteria Industrial



Industrial

Santa Barbara industrial vacancy has increased only slightly since the beginning of the year, from 0.4% in the 1st Quarter to its current level of 0.6% at the end of the 3rd Quarter. In fact vacancy has sat at or below 1.0% over the last six quarters — there just simply hasn't been much leasing activity in this low inventory submarket. Therefore the industrial market in Santa Barbara continues to see the lowest vacancy among all the asset classes in all areas in the Santa Barbara region.

Since the 2nd Quarter the average gross achieved rate dropped slightly from $2.02/SF to $1.85/SF, a negligible difference given the fact there were only four new leases during the 3rd Quarter and available inventory remains at historic lows. With this continued lack of inventory we expect achieved rates will remain roughly unchanged for the remainder of the year. This is evidenced by the nine available industrial spaces for lease in the Santa Barbara area with an average gross asking price of $2.45/SF.

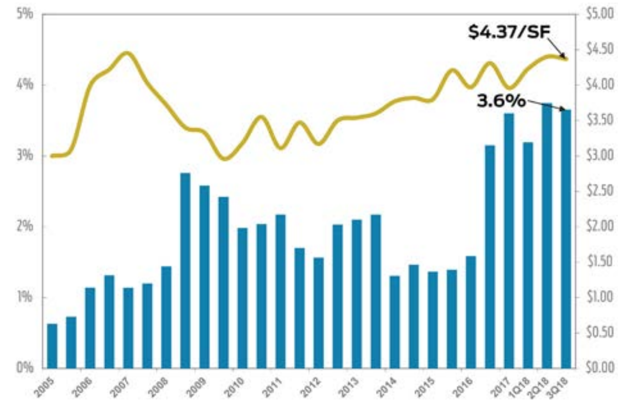
To the north, Goleta's industrial vacancy has essentially remained the same over the past six months, increasing only slightly from 5.1% in Q2 to 5.2% in Q3. That said, the vacancy rate and available inventory have doubled since Q3 2017, going from 2.6% to 5.2%, and 108,000 sq. ft. to 221,000 sq. ft. respectively. This is due largely to a handful of larger spaces coming to market over the past 12 months, while all new leases signed, with the exception of one, have been for spaces smaller than 5,000 sq. ft. That lone large lease came in August of this year when Deployable Space Systems leased a 22,000 sq. ft. industrial/warehouse space at 153 Castilian Dr. In fact there were just four other new leases during Q3, again all below 5,000 sq. ft.

Still there remain a number of tenants actively looking in the market and we do expect vacancy to drop over the next quarter, though lease rates should remain stable for the upcoming year.

153 Castilian Dr., Goleta (Industrial)
Leased August, 2018 | 22,000 SF

Down south to Carpinteria, the industrial market has seen the least amount of leasing activity with just one new lease coming in the 3rd Quarter when Syson Corp. Engineering leased a 2,700 sq. ft. space at 4187 Carpinteria Ave. The 3rd Quarter market vacancy of 3.8% reflects just three available spaces totaling 49,900 square feet. Average gross achieved rates have increased over the 3rd quarter of 2017 from $0.90/SF to $1.50/SF in Q3 2018. Not necessarily a notable change given the low inventory in this market. With the current average asking rate of $1.62/SF for the three remaining vacancies we believe the average lease will remain steady as we head into 2019.

Santa Barbara Retail



Retail

Beginning with State Street retail where, let's face it, much of the attention of the commercial world will likely be focused for a while, of the 249 total storefronts on the downtown State Street corridor, 37 were available for lease at the end of the 3rd Quarter. That represents a 15% vacancy rate for this sub-area. Certainly most State Street property owners know and understand that market conditions have changed and it is now undeniably a tenant's market, where the onus is on landlords to become more realistic in the deal making process, i.e. making concessions, such as providing free rent or offering tenant improvements.

For the entire Santa Barbara area, including Summerland and Montecito, the retail vacancy rate did actually dip slightly from 3.9% a year ago to the current vacancy rate of 3.6%, but not a particularly noteworthy change considering the quarterly vacancy rate has hovered between 3.2% and 3.9% over the past six quarters. The overall market is flat at best.

With the dramatic increase in downtown State Street space available for lease, it is not surprising to see that landlords are reducing their lease rates to secure tenants for their properties. The average gross achieved rate for the market was $3.99/SF at the end of the 3rd Quarter compared to $5.08/SF a year ago. That equates to a drop of 21% from the previous year. In fact the average gross achieved rate has been below $4.00/SF for all of 2018.

Again, there was simply not a lot of retail leases signed during the 3rd Quarter. There were just six new leases with one being a sublease, comprising a total of only 9,687 square feet. As landlords become more aggressive to secure tenants for their retail spaces, we expect to see an uptick in leasing activity going forward.

Other noteworthy tidbits to chew on:

- The owners of Paseo Nuevo are reportedly working on re-positioning and remodeling the former Macy's building at 701 State St.
- The Santa Barbara Planning Department is promoting pop-up stores in the downtown area to attempt to fill some of the vacancies for the short term. In fact there were four pop-ups on State Street at the end of Q3 with more anticipated. There are various collaborating groups including city officials and agencies, landlords, tenants and outside consultants who are adding their expertise to improving conditions on State Street.
- Finally, not all is dire in the local brick-and-mortar retail scene as it was announced in July that the South Coast will have not one but two Target stores, with the retailer snatching the vacated Kmart space at 6865 Hollister Ave. in Goleta. Target says the full-size store, which will employ 200, will feature its modern next-generation design including expanded grocery and online Order Pickup, undoubtedly intended to combat the likes of Amazon.

6865 Hollister Ave., Goleta (Retail)
Leased July, 2018 (Target) | 140,500 SF

1001 State St., Santa Barbara (Retail)
Sold March, 2018 | $18.5 Million ($395/SF)

COMMERCIAL

Sales

Steve Brown
Chris Parker
Brad Frohling

Balancing the market?

3rd Quarter sees second straight year of declining sales activity since 2016; rise in owner-user versus investor purchases

With 2018's 3rd Quarter coming to a close, we can confirm that market activity year-to-date is continuing to decline since the peak in 2016. In comparison to last year's 3rd Quarter total of 25 commercial sales amounting to $85,387,500 in sales volume, this year's 3rd Quarter came in at 22 commercial sales with total sales volume of $64,328,520, not including the outlier sale of the Hyatt Centric Hotel located at 1111 E. Cabrillo Blvd., which traded in July for $87,500,000. Large hospitality sales typically tip the scales, so subtracting that sale reduces 3rd Quarter volume to roughly $21 million below Q3 2017.

Comparing overall sales activity for the first three quarters of 2018 versus 2017 further punctuates the story of year-over-year decline. By the end of Q3 2017 the market had compiled 75 transactions, versus just 51 total through Q3 2018. Total sales volume was also down by approximately $114 million during the same time period.

Categorically, commercial sales for the 3rd Quarter consisted of eight (8) office buildings, six (6) land properties, four (4) retail, three (3) industrial, and one (1) hospitality (the 200-room Hyatt Centric) for a total of 22 transactions. While there was an inordinate number of land sales this quarter (compared to 2 for 3rd Quarter 2017), this does not point to rampant development.

Part of the reduction in total sales and sales volume may likely be attributed to the lasting effects of the catastrophic events that took place primarily in Montecito at the beginning of the year. That said, we feel less than enthusiastic about the level of market activity headed into the 4th Quarter.

Let's consider that one interesting takeaway from the 3rd Quarter is that virtually all of the properties purchased involved owner-users or were vacant buildings purchased by investors for redevelopment or repositioning. Remarkably, even though there were leased investment properties on the market, none, except for the hotel, were purchased based on a CAP Rate return.

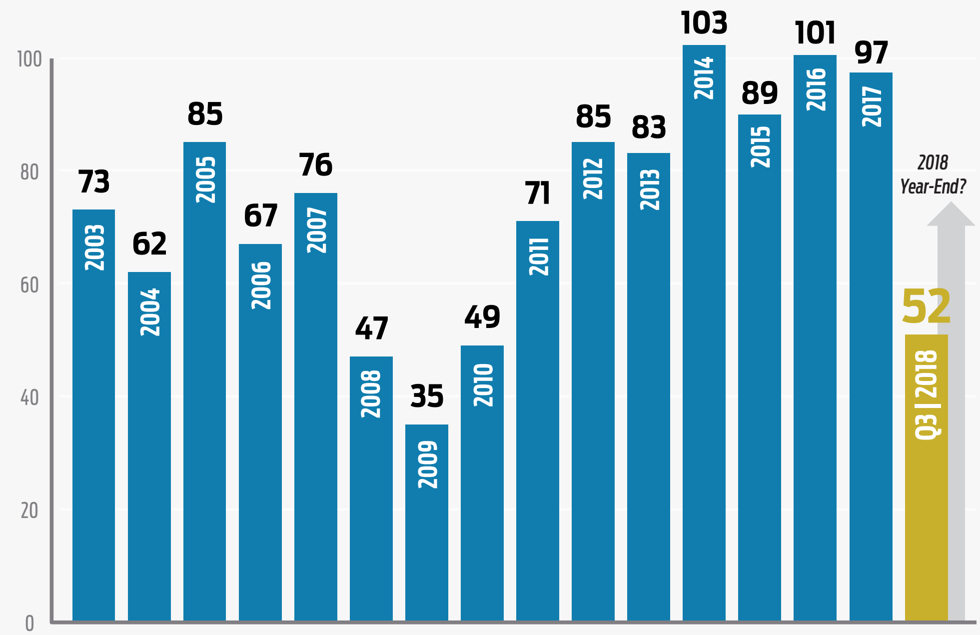
In light of the fact that investors still appear to be flush with cash, we are led to conclude there is a disconnect mounting between buyers and sellers with regard to actual market CAP Rates. No doubt rising interest rates are contributing to that disconnect, but if it continues, this trend portends a holding pattern for investors unless the returns can be embellished by repositioning under-utilized properties. This could take shape, for example, in the form of mixed-use (residential and commercial) space finally taking hold in Santa Barbara's downtown corridor which would delight the City and adjacent property owners alike.

Otherwise, general observations are that inventory is still holding steady: no surplus, no dearth. And development, while seemingly prevalent around town, may be slowing soon due to interest rate increases and the dramatic uptick in construction costs.

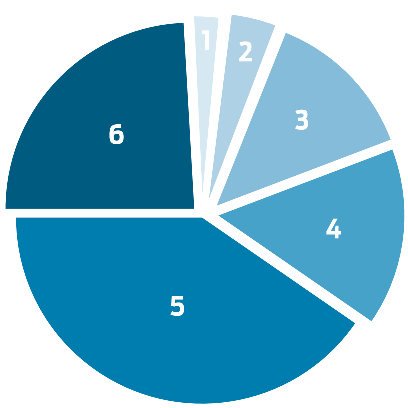
It's nearly certain we will not see anywhere near 2017's 97 total sales by the end of 2018, much less 2016's and 2014's unprecedented all-time market highs of 101 and 103 respectively. When you consider the 15-year average of 75 sales from 2003–2017 (Note: the 15-year average does factor in the market slump during the Great Recession years which bottomed out at 35 in 2009), it's more likely we will end the year somewhere around the average. Whether this shift constitutes a balancing of sorts remains to be seen, but certainly all eyes will remain on the market's responses to expected interest rate creep, uncertainty surrounding political dynamics over the next two years, and fluctuations in construction costs that are a result of a supply and demand imbalance as well as the anticipation of global trade considerations.

SOUTH COAST COMMERCIAL SALES TREND

Excluding Sales of Apartments

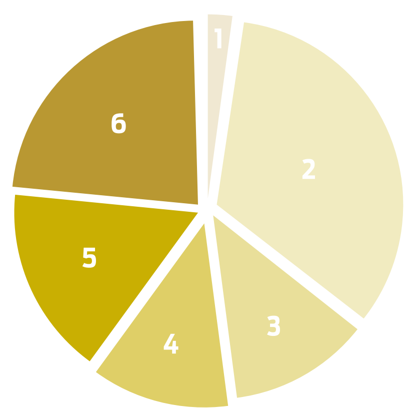


2018 Q1-Q3 SALES TRANSACTIONS



		2017 Transactions	2018 Transactions
1	Healthcare	2	1
2	Hospitality	2	2
3	Industrial	13	7
4	Land	13	8
5	Office	28	21
6	Retail	17	13
	Totals	**75**	**52**

2018 Q1-Q3 SALES VOLUME



		2017 Volume	2018 Volume
1	Healthcare	$19,815,000	$5,765,000
2	Hospitality	$376,850,000	$90,200,000
3	Industrial	$63,667,000	$33,142,000
4	Land	$32,544,000	$32,608,520
5	Office	$99,466,214	$44,516,200
6	Retail	$76,235,000	$63,158,000
	Subtotals	*$668,577,214*	*$269,389,720*
	Totals (Adj.)*	**$293,577,214***	**$181,889,720***

**Totals adjusted to exclude the large hotel sales of Hyatt Centric (2018) and Bacara (2017) to provide a more accurate picture of market activity.*

2018 Highlight Sales

Q3 Sales

Hyatt Centric Santa Barbara ***(Above)***
1111 Cabrillo Blvd. | $87.5 Million | Hospitality

The 200-room Hyatt Centric Santa Barbara hotel located at 1111 Cabrillo Blvd. across from East Beach was previously purchased in 2013 for $61 million. Between 2013 and 2016 , the owners sold off a 5-room villa building and adjacent land parcel that was part of the original acquisition for $2.1 million, then renovated the remainder of the property. In July of this year the Hyatt was sold for nearly $90 million which translates to a 5.4% CAP Rate.

5892 Via Real, Carpinteria
$13.5 Million | Land

Our highlights wouldn't be complete without a nod to the marijuana industry. This 12+ acre parcel reportedly was purchased for $13,500,000 to grow marijuana to supply the anticipated demand by local pot heads. In related (fake) news, Carpinteria has already reported numerous contact highs due to the proximity of this facility to the freeway and neighboring properties.

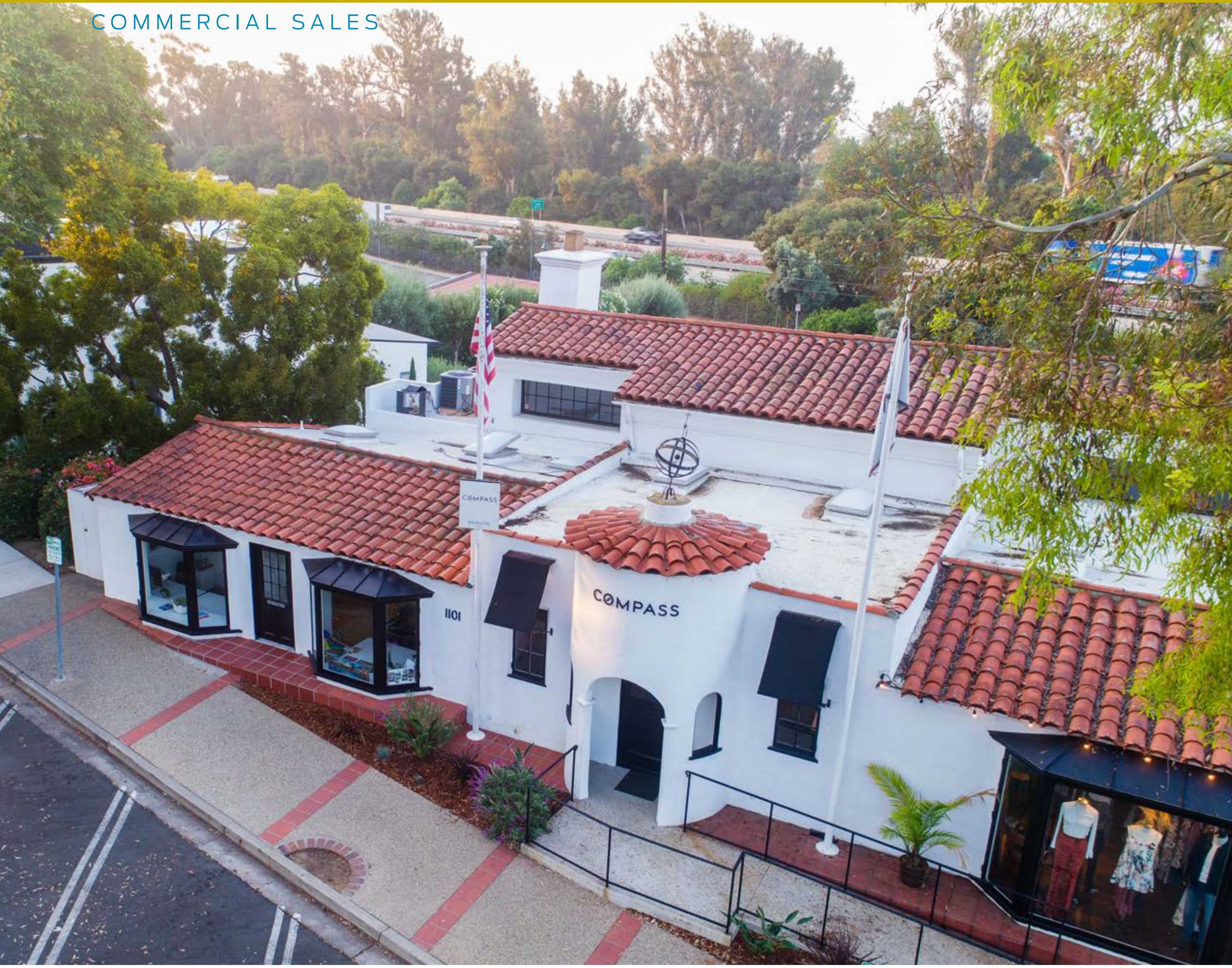
839–879 Ward Dr., Goleta ***(Below)***
$16.5 Million | Office/R&D/Industrial

Formerly owned and occupied by Channel Industries, this office/R&D/industrial property was sold in August for $16,500,000. The buildings were vacant at the time of acquisition and the owner intends to renovate and re-lease the space for investment.

Q2 Sales

1207, 1219, 1220 State St. ***(Below),*** **Santa Barbara**
$8,520,000 | Three Commercial Properties

As Q2 came to close, there wasn't much positive to report in commercial sales activity. The market's continued decline was evident with just 16 sales for the quarter, bringing totals for the first half of the year to 30 sales and approx. $50 million in volume, compared to 49 sales and $69.5 million in volume for the first half of 2017. The largest transaction of the quarter was at 3045 De La Vina St. *(right),* with the 18,000 sq. ft. office building in the Trader Joe's parking lot trading for $9,500,000. Meanwhile over on State Street, despite the downtown corridor's much reported woes, it's interesting to note there were three sales of commercial property in the heart of Santa Barbara's theatre district, all of which closed in May for a combined $8,520,000. Pictured below is the approx. 5,800 sq. ft. two-story, multi-tenant retail/office property located at 1220 State St., which sold for $3,250,000 to an investor. The other two sales were 1207 State St. ($2,375,000) next to Benchmark Eatery, and 1219 State St. ($2,895,000).



Q1 Sales

1101 Coast Village Rd., Montecito ***(Above)***
$7.7 Million | Office/Retail

In March, 2018, this approx. 5,250 sq. ft. office/retail gem at the corner of Coast Village Road and Coast Village Circle sold to an exchange buyer for $7,700,000 ($1,467 PSF) at a 4.7% CAP Rate. The fully renovated property, prominently situated at the gateway to Montecito's Lower Village, was 100% leased with a credit tenant with eight years remaining on their lease. While the CAP Rate was high for Montecito, the property sold for an all-time high price per square foot for Coast Village Road.

701 State St., Santa Barbara ***(Right)***
$12.0 Million | Retail

A particularly noteworthy sale occurred in early February, 2018 when the former Macy's Building at 701 State St. in Paseo Nuevo was purchased by Pacific Retail Capital Partners, the managing partner of the mall. While no permanent plans for the three-story, approx. 135,000 sq. ft. building have been announced, mall officials say they plan to continue to use the space in the short term for pop-up shops, seasonal uses and community and entertainment events.

1001 State St., Santa Barbara *(Right)*
$18.5 Million | Retail

This iconic, approx. 46,800 sq. ft. downtown building on the corner of State and Carrillo Streets also sold in March, 2018 for $18,500,000 ($395 PSF) and is currently leased to Saks OFF 5TH. While there remains much uncertainty surrounding the commercial situation in Santa Barbara's once thriving downtown corridor, from a pure economic standpoint buying a quality corner property on State Street for $395 PSF is a great deal. As noted earlier, it was recently reported that a Fortune 100 company signed a lease for the property, with no official confirmation of the tenant or future use.

Del Playa Dr., Isla Vista (37 Property Portfolio) | 66 Units
Sold May, 2018 | $76.0 Million

MULTIFAMILY

Sales

Lori Zahn
Steve Golis

1045 Elm Ln., Carpinteria | 18 Units
Sold March, 2018 | $5.6 Million

South Santa Barbara County

The multifamily sector on the Central Coast remains one of the area's strongest options for investors. The South Coast of Santa Barbara County is often referred to as the American Riviera, and with our mild weather, beautiful beaches and vibrant culture, we offer a highly desirable place to live and a lifestyle that people want. The economy is chugging along and most people who want a job are finding one as the unemployment rate in September dipped to a record low 4.1% in California, and even lower in Santa Barbara County at 3.3% (compared to 3.7% in September 2017).

So it's no surprise our rental market continues to remain very strong along the Central Coast, with the current vacancy rate on the South Coast continuing to hover at less than 2%. Good news for investors.

On the national scene, the vacancy rate rose by just 0.1% to 4.8% in the 3rd Quarter of 2018. Interest rates have been on the rise, but you can still find good loans on apartments with lenders willing and able.

That said, the 3rd Quarter ended with just 11 total sales of multifamily property on the South Coast, with only five (5) of those in the 5+ units range. This brings total sales of 5+ unit properties for the first three quarters of the year to 13, compared to 19 sales closed during the same period in 2017.

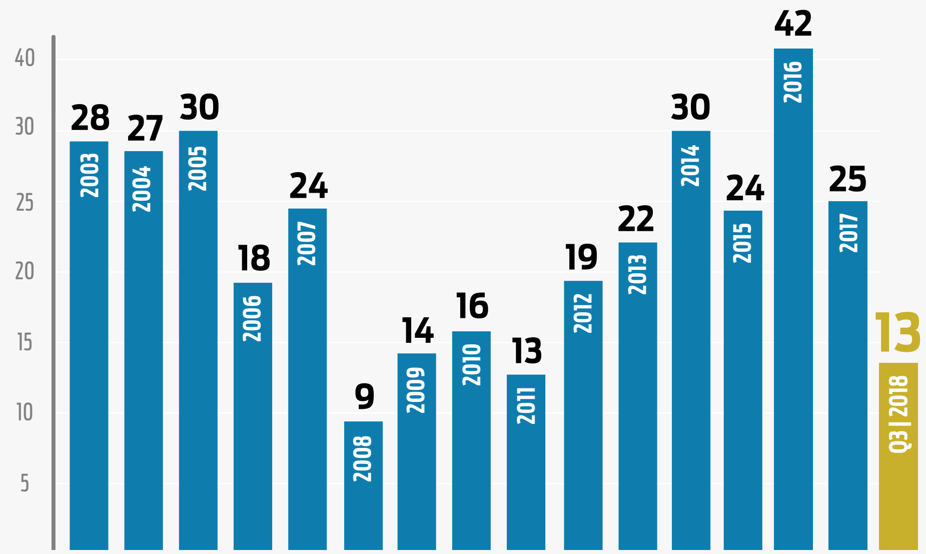
Two of the five properties sold in the highly coveted area of Santa Barbara's beautiful West Beach, and one more in the same area just entered into escrow. In fact, currently, we know of three (3) properties 5+ units in size that are in escrow, with only nine (9) properties that size currently on the market.

Once again it is truly coming down to simple supply and demand along with the continued stream of 1031 exchange buyers wanting to secure a piece of Santa Barbara. Inventory is just not readily available to satiate investors, and we may likely not reach the 25 total sales we saw in 2017, much less the record 42 sales from 2016.

We do anticipate rents to remain level with the average asking rent for a one bedroom / one bath apartment

SOUTH COUNTY MULTIFAMILY SALES TREND

Properties 5+ Units



ranging from approximately $1,695 – $1,895, depending on location.

Moving on to Isla Vista, this beautiful, one-of-a kind place to live, work and attend school nestled on the beautiful coastline of the Central Coast, continues to draw the interest of investors from all over. The University of California, Santa Barbara (UCSB) again set a record for the number of first-year students desiring admission to the oceanfront campus, receiving 92,017 applications of prospective freshmen, an increase of more than 12 percent over last year.

Despite the continued high level of interest in the area, there was only one Isla Vista sale in Q3 to report, at 6597 Trigo Rd. The 10-unit property sold in August for $2,775,000. There are two (2) pending sales, both involving 5+ unit properties that went into escrow within just a couple of days. There are just five (5) listings on the market of properties 2–4 units in size.

By far, the largest multifamily sale of 2018 remains the 37 Isla Vista properties which closed during the 2nd Quarter. One buyer purchased the 66-unit portfolio for $76,000,000.

2018 Highlight Sales

Del Playa Dr., Isla Vista (37 Property Portfolio)
66 units | $76,000,000 | 5/1/18

1045 Elm Ln., Carpinteria | 18 Units | $5,600,000 ($311,111 PPU) | 4.61% CAP | 3/21/18

6777 Del Playa Dr., Isla Vista | 5 units | $4,600,000 ($920,000 PPU) | 5/1/18

215 W. Arrellaga St., Santa Barbara | 10 units $3,700,000 ($370,000 PPU) | 3.4% CAP | 4/17/18

104 Chapala St. & 28 W. Mason St., Santa Barbara
8 units | $3,650,000 ($456,250 PPU) | 3.33% CAP 8/15/18

125 W. Mason St., Santa Barbara | 5 units $3,400,000 ($680,000 PPU) | 3.15% CAP | 8/24/18

6597 Trigo Rd., Isla Vista | 10 Units | $2,775,000 ($277,500 PPU) | 8/24/18

712 W. Anapamu St., Santa Barbara | 8 units $2,170,000 ($271,250 PPU) | 2.89% CAP | 5/20/18

North Santa Barbara County

Santa Maria is quickly becoming a popular area for technology employers such as software firm Mind Body which has approximately 88 employees now working at its Santa Maria site after expanding its headquarters. Guadalupe based Apio, a food processing and packaging company, is also renovating a building near the Santa Maria Public Airport to relocate some operations to Santa Maria early in 2019. Along with this growth, the City of Santa Maria continues with their downtown revitalization efforts and, according to Mayor Alice Patino, "Santa Maria is having a stronger year than in 2017."

All of this equates to a tighter rental market for North Santa Barbara County. We are seeing basically no inventory to satisfy multifamily investors looking in this market. The 3rd Quarter had just three (3) sales, with only one (1) above 5+ units in size. We know of one large sale that closed just a few weeks ago at the beginning of the 4th Quarter with more to come by year-end.

2018 Highlight Sales

511 W. Cook St., Santa Maria | 11 units | $1,625,000 ($147,727 PPU) | 8/1/18

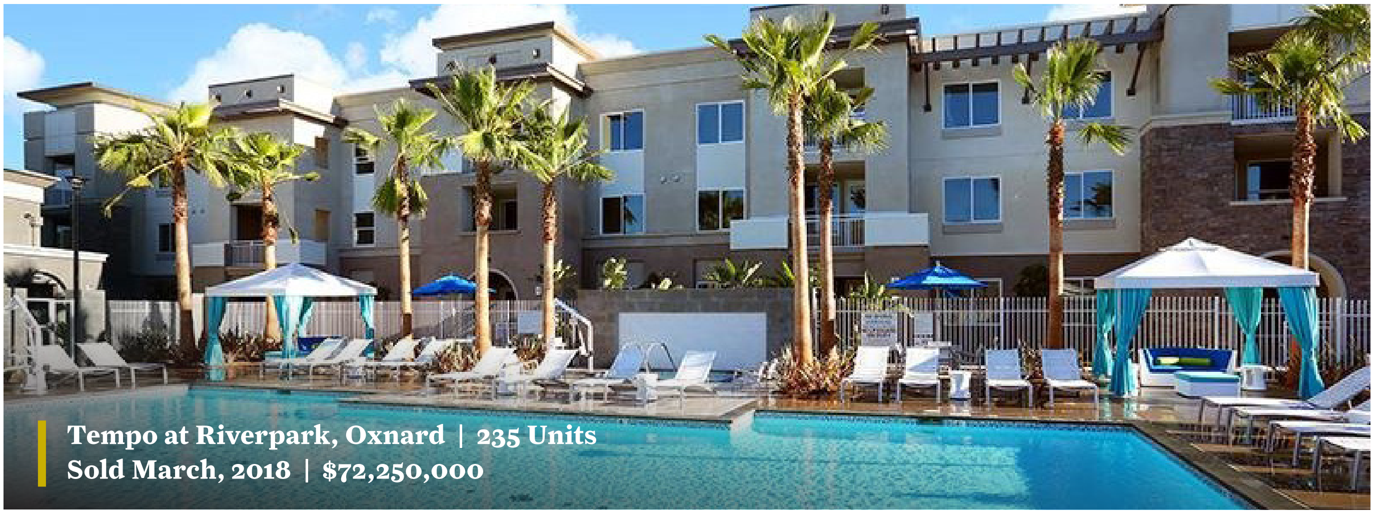
225 S. Russell Ave., Santa Maria | 5 Units | $799,100 ($159,820 PPU) | 1/19/18

San Luis Obispo County

Much like the college town of Isla Vista with UCSB, San Luis Obispo has the popular Cal Poly campus. The university is a significant contributor to the vibrant economy and culture of this area, enrolling almost 21,000 students each year. This local influx of students contributes to a strong local economy and rental market.

There has only been a couple of sales this year in the 5+ unit size, both of which took place earlier in the year. We know of just two listings currently available, located at 284 N. Chorro St. (35 units) right next to Cal Poly, and a 54-unit property in Paso Robles.

The rental market will continue to remain strong with the average 1 bedroom / 1 bath apartment ranging from $1,395 to $1,425, depending on the location.



Tempo at Riverpark, Oxnard | 235 Units
Sold March, 2018 | $72,250,000

The Capes at Ventura | 400 Units
Sold May, 2018 | $100 Million

Ventura

The market in Ventura remains hot with a total of five (5) sales of 5+ unit properties in Q3. Currently, there are only just a couple of listings available. Investors want to place their funds in this area and there is just simply no inventory.

The Ventura rental market remains popular among renters as it offers a more affordable option for people who work in Santa Barbara to the North and markets like Thousand Oaks to the South, for example, and are willing to make the short commute along the 101.

There are a couple of new projects expected to come online soon, one of which is the 26 acre Portside Ventura Harbor, the first new major development at the Ventura Harbor in decades. Once completed (2019) there will be 270 waterfront apartments, commercial and retail space, a waterfront park and marina. All good news for the area creating not only jobs but additional rental options to serve the greater area.

Ventura vacancy continues to hover at or below 3%, where it has been for years, and is keeping the demand for rentals strong. We are seeing only a slight increase in rents depending on location.

2018 Highlight Sales

The Capes, 760 S. Hill Rd., Ventura | 400 units | $100,000,000 ($250,000 PPU) | 5/15/18

Tempo at Riverpark, 470 Forest Park Blvd., Oxnard | 235 units | $75,250,000 ($320,213 PPU) | 3/13/18

Via Ventura, 930 Pacific Strand Pl., Ventura | 192 Units | $74,000,000 ($385,417 PPU) | 2/20/18

750 Clyde River Pl., Oxnard (55+ living community) | 136 units | $48,250,000 ($354,779 PPU) | 4/30/18

10829 Del Norte St., Ventura | 34 units | $9,625,000 ($283,088 PPU) | 4.5% CAP | 7/17/18

678 Kirk Ave., Ventura (Off Market) | 35 units | $7,700,000 ($220,000 PPU) | 4.28% CAP | 8/28/18

1344 E. Main St., Ventura | 20 Units | $4,869,000 ($243,450 PPU) | 8/31/18

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